

PROJECT OVERSIGHT REPORT

The Ultimate Purchasing System (TUPS)
Department of General Administration (GA)

Report as of Date:
January 2002

Project Director: Bill Joplin
MOSTD Staff: Andy Marcelia

Acting Executive Sponsor: Gary Christensen

Description: The Department of General Administration's (GA) Office of State Procurement (OSP) is implementing a new statewide purchasing system that uses the Internet to automate the purchasing process. The Ultimate Purchasing System (TUPS) automates the selection, request, approval, order, receipt, and payment functions that interface with the state's central Automated Financial Reporting System (AFRS). Specifically, GA contracted with a vendor, American Management Systems (AMS), which hosts purchasing and catalog systems on AMS's own platform.

OSP estimates that an Internet solution will reduce staff time and the effort involved with procurement and payment processes while providing increased accountability for the state's \$1 billion per year in commodity purchasing. Additionally, the system will eliminate manual data entry into state systems and eliminate the need for vendors to report contract usage back to the state.

Background: GA initially signed the contract with AMS in May 2000 with implementation targeted for November 2000. GA and AMS appeared before the ISB in January 2001 to discuss project status, including difficulties related to the vendor's ability to satisfy all state requirements under contract, issues with the third party software on which the application was built (Ariba), and passing user acceptance testing (UAT). AMS responded with new project management. Former Director Marsha Tadano Long formed an executive steering committee including representatives from AMS, the Department of Corrections (DOC), GA, the Office of Financial Management, and the Department of Information Services to continue executive visibility and communications.

In October 2001 GA and AMS agreed upon a specific list of deficiencies in software or service that have to be addressed to meet the requirements of the contract and to move forward into the acceptance testing phase. Part of the agreement provides that a portion of the state payment for the project will be held back until a complete mass-edit solution is in production. AMS delivered a work plan to address all of the requirements. Acceptance testing requires a 30-day period of uninterrupted performance with critical items being completed before acceptance is completed. The agreement also included a framework for the staff time measurement. The agreement is that when staff timing requirements and all other acceptance test deliverables and requirements are satisfied, the state will accept the system. Should timing not meet GA requirements, AMS will continue to work the issues with GA by providing technology solutions and recommendations which may include changes to business practices. GA agreed to make best efforts to complete staff time reduction tests within 30 days but not to exceed more than 45 days.

GA has not paid any public funds to AMS. A major payment is due after successful completion of the user acceptance testing phase.

Status: Gary Christensen was appointed acting director. Co-incidental with assuming GA responsibilities, GA is considering whether to accept the system per the contract and agreements made with AMS. It is the position of AMS that they have complied with the terms of acceptance outlined in the contract and/or memorandums signed by AMS and GA during the project. These include function and features outlined in the contract, performance tests called for

in the contract and staff time reduction goals that are not defined but mentioned in the contract and are subjective measurements of the system performance that would allow for staff savings. His inquiry into the issue of acceptance revealed mixed messages about TUPS within GA. Another factor is the Department of Corrections has notified GA that they are withdrawing from the project at this time chiefly because DOC is not receiving the staff time savings in its central receiving operations in institutions that would make it cost effective to deploy at this time.

Through discussion with the project steering committee a plan has been formulated to obtain an independent assessment of the project to inform Gary Christensen if TUPS should be accepted per the contract and other agreements. The assessment will be conducted by a business manager and an IT manager from other agencies in conjunction with a consultant from the private sector. This project would be a quick review not taking more than two weeks and would start as soon as possible. The payment required upon acceptance of TUPS is \$639,600.

Recommendation: DIS recommends that GA go forward with the independent assessment of TUPS. GA should continue to work with AMS on making improvements to the system to address the business goals of DOC.